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FCOF 4-72
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WORLD COFFEE PRODUCTION ESTIMATE INCREASED

SUMMARY

Unusually favorable growing conditions in a number of important coffee-producing countries have enhanced still further the prospects for a relatively large world coffee harvest in 1972-73. It is now estimated that total production will be about 72.9 million bags (132.276 lb. each), with approximately 53.6 million bags available for export. If this production level is realized, the coming crop would be the largest since 1965-66 and would be more than 12 percent above the average of the past 5 years. Exportable production, as considered in this report, represents total harvested production less domestic consumption in the producing countries.

The estimate for the 1971-72 harvest has also been revised upward as a result of more recent and complete information. Total production is now estimated at 71.4 million bags, with about 52.6 million bags available for export.

A moderately severe frost early in July damaged coffee trees in certain areas of the State of Parana', Brazil. Although a precise evaluation of the damage is not yet possible, it is believed that the 1973-74 harvest in Brazil will be reduced by some 3 million to 5 million bags.

In the period of uncertainty following the frost, prices of all four main types of coffee rose appreciably. However, by the end of the month, a reaction had set in, and prices declined moderately from their peak levels.

The International Coffee Council (ICC) convened in mid-August for its annual meeting. The total quota for the 1972-73 year was set at 49.6 million bags, of which 46.5 million would be on a pro-rata basis and 3.1 million for special allocation. No price adjustment provisions were established. A quota of 13.1

million bags was established for the October-December 1972 (first quarter) period on a pro-rata basis. Unless the Council confirms the above quotas or makes alternative arrangements prior to December 10, there will be no quotas for the last 9 months (January-September) of the coffee year.

PRODUCTION

North America. Paced by expected record-breaking crops in El Salvador and Mexico, the 1972-73 harvest seems likely to reach an alltime high of approximately 12.8 million bags. This would be some 3 percent above last year, itself a record.

The final outturn of the 1971-72 crop in **El Salvador** is calculated at about 2.6 million bags, a record high. However, because of unusually favorable growing conditions these past few months, the coming 1972-73 harvest may reach an unprecedented 2.8 million bags. Should this production level be attained, it would enormously complicate an already difficult stock situation, since surplus stocks on October 1, 1972, are expected to be well in excess of 1 million bags.

During 1971-72 the Government of the **Dominican Republic** completed a comprehensive survey of the coffee industry, which provides the best statistical information thus far available. Based on data contained in this study, the Foreign Agricultural Service has revised the crop estimates for 1971-72 and 1972-73, which now appear as 700,000 and 750,000 bags, respectively.

Unfavorable weather conditions during the early part of the rainy season led coffee circles in **Guatemala** to reduce their estimate of the forthcoming 1972-73 crop to about 1.8 million bags, a decrease of nearly ten percent from last year. The

industry is also concerned over the recent appearance of the coffee borer (*Stephanoderes hampei*) on a number of farms on the Pacific slope. The Guatemalan Government and the farmers concerned are moving energetically to eradicate the pest or at least to bring it under control and prevent its further spread.

Production estimates for **Costa Rica** remain at 1,330,000 and 1,365,000 bags for 1971-72 and 1972-73, respectively. Exports, however, are running well ahead of a year ago so that carryover stocks will be down substantially on October 1.

Production has been increasing gradually in **Mexico** in recent years, primarily because of improved cultural practices and varieties and rising use of fertilizers. These factors, combined with ideal weather conditions this year, lead to current expectations that the 1972-73 harvest will amount to about 3.5 million bags, an alltime high.

South America. The FAS production estimate for the 1972-73 crop in **Brazil**, harvested mainly during May-August 1972, remains unchanged at about 24 million bags. Weather conditions generally favored development of the crop, but recent excessive rains have resulted in cup quality said to be only fair. However, because of the frost that occurred on July 8, it is believed that a larger than usual percentage of the 1972-73 crop will be held back by farmers in the interior, who will probably wait to market it during the 1973-74 marketing year commencing July 1, 1973. Recently announced increases in the internal support price for coffee, which correspondingly increase the amount of bank credit available to farmers, make such a course of action more feasible.

The Brazilian Government's program for the rehabilitation and expansion of coffee production, announced a few months ago, appears to be progressing well. IBC officials stated recently that requests for financing the planting of 152 million new trees had been received by late July. The goal had been to plant 200 million trees during the 1972-73 coffee year.

Africa. There has been only one change in the estimates for African producing countries since our previous circular, involving a reduction in the estimate for **Uganda** for both 1971-72 and 1972-73.

Review of the data for the past four years indicates that African production has leveled off to a great extent, with up and down year-to-year fluctuations tending to cancel each other out.

Asia and Oceania. As the 1972-73 crop in India has matured it appears that production will not be as high as indicated in the earlier estimate, which was a tentative one, based entirely on the condition of the trees

at flowering. The forecast at this time is for total production of about 1.45 million bags, of which nearly 60 percent will be Arabica and the remainder, Robusta.

There has been a small upward revision in the estimate for the **Philippines**, which may once again have a very small exportable surplus.

The figures for production in the other countries in Asia and Oceania remain unchanged from the July estimate.

OTHER DEVELOPMENTS

Frost in Brazil. Almost precisely three years after the disastrous 1969 freeze, cold weather struck again in the major coffee producing area of Brazil. On the night of July 8-9, below-freezing weather prevailed over much of the State of Parana' and a small area in the State of Sao Paulo. The IBC suspended export registrations temporarily until teams could be sent into the area to assess the damage. Registrations were subsequently resumed.

Reliable estimates as to the loss which may occur to the 1973-74 crop as a result of the freeze are not yet available. In fact, a really good assessment of the damage must await the final flowerings in November. As of this moment, however, a reasonable estimate is that the 1973-74 harvest in Parana' will be down 30 to 40 percent from what had been expected to be a large crop. In round numbers, the crop may amount to between 9 million and 11 million bags in Parana' in 1973-74, instead of an anticipated 13 million to 15 million. Should this preliminary estimate come close to the mark, overall Brazilian production in 1973-74 might be about 20 million bags.

The harvest of the current 1972-73 crop was well advanced before the frost struck. It is not likely to have suffered much in quantity, though some quality deterioration is possible.

Prices. In what has become a familiar psychological reaction to such phenomena, the market strengthened dramatically following announcement of the freeze in Brazil. Prices of all four major types of coffee rose sharply with Colombian Milds and Other Milds gaining nearly 10 cents a pound; Robustas almost 6 cents a pound; and Unwashed Arabicas (largely Brazils) nearly 14 cents per pound, in the first two or three weeks after the freeze.

The volume of coffee sold at these high price levels was quite small and reaction set in quickly.

Trade. United States imports of green coffee during the first semester of 1972 amounted to approximately 10.3 million bags, down slightly from

the 10.7 million imported in the first half of 1971 and the 10.5 million bags for the period.

Imports from Brazil rose sharply to 32 percent of the total from only 23 percent in the same period of 1971. Most of the gain was at the expense of African and Asian countries, whose share of the U.S. market fell to 32 percent from 39 percent during the first 6 months of 1971. Imports from other Latin American countries declined slightly, with these countries sharing 36 percent of the market during the first semester of 1972.

Part of the decline in green coffee imports during the first half of 1972 was offset by an increase in soluble coffee imports of 38 percent to a total of 554,866 bags (green bean equivalent). Brazil continued to be the major supplier to the U.S. market, with shipments of 385,811 bags (green bean equivalent).

In contrast to green coffee imports, coffee roastings increased by more than half a million bags over first half of 1971 levels to a total of about 10.3 million bags. This includes roastings for soluble use.

REGION AND COUNTRY	AVERAGE					
	1963-64/1967-68	1968-69	1969-70	1970-71	1971-72	1972-73
	1,000 BAGS 2/					
NORTH AMERICA:						
COSTA RICA.....	1,103	1,260	1,400	1,250	1,330	1,365
CUBA.....	487	500	500	475	475	475
DOMINICAN REPUBLIC.....	624	540	640	700	650	700
EL SALVADOR.....	2,048	1,900	2,500	2,170	2,600	2,800
GAUDELOUPE.....	6	5	1	1	1	1
GUATEMALA.....	1,798	1,740	1,750	1,840	1,980	1,800
HAITI.....	524	480	465	550	540	500
HONDURAS.....	425	450	550	570	575	620
JAMAICA AND BERP.....	24	17	20	20	24	22
MARTINIQUE.....	4	4	1	1	1	1
MEXICO.....	2,811	2,850	3,075	3,200	3,300	3,500
NICARAGUA.....	514	540	565	550	600	580
PANAMA.....	79	75	83	75	85	80
TRINIDAD-TOBAGO.....	63	65	43	69	49	80
USA-HAWAII.....	46	36	28	31	24	22
USA-PUERTO RICO.....	259	280	170	240	150	200
TOTAL.....	10,865	10,742	11,791	11,742	12,384	12,746
SOUTH AMERICA:						
BOLIVIA.....	53	160	165	85	85	85
BRAZIL.....	23,780	16,500	19,000	9,750	23,600	24,000
COLOMBIA.....	7,920	7,900	8,450	7,800	7,500	8,000
ECUADOR 3/.....	908	1,000	660	1,300	1,100	1,000
GUYANA.....	14	20	18	11	10	10
PARAGUAY.....	52	65	50	33	58	53
PERU.....	857	861	940	990	1,030	1,030
SURINAM.....	9	7	6	3	3	3
VENEZUELA.....	789	860	900	900	920	1,100
TOTAL.....	34,413	27,372	30,189	26,872	34,306	35,281
AFRICA:						
ANGOLA.....	3,060	3,100	3,300	3,300	3,400	3,400
BURUNDI.....	241	275	240	350	400	350
CAMEROON.....	994	1,100	1,200	1,150	1,250	1,300
CAPE VERDE ISLANDS.....	2	2	2	1	1	1
CELT. AFRICAN REP.....	169	160	200	150	160	170
COMORO ISLANDS.....	3	3	3	3	3	3
CONGO, BRAZZAVILLE.....	13	20	15	15	15	15
DAHOMEY.....	24	16	15	15	15	15
EQUATORIAL GUINEA.....	130	125	120	120	120	120
ETHIOPIA.....	1,655	2,045	2,000	2,100	2,150	2,200
GABON.....	17	20	20	15	15	18
GHANA.....	66	83	95	75	85	70
GUINEA.....	155	130	200	175	175	175
IVORY COAST.....	3,795	3,400	4,600	4,000	4,400	4,000
KENYA.....	772	800	900	1,000	950	950
LIBERIA.....	60	65	75	85	75	80
MALAGASY REPUBLIC.....	935	900	830	1,300	965	1,000
NIGERIA.....	37	53	50	90	65	85
RWANDA.....	168	200	145	235	200	220
SAO TOME-PRINCIPE.....	6	6	4	3	3	3
SIERRA LEONE.....	91	95	90	125	100	105
TANZANIA.....	77	950	775	950	850	800
TOGO.....	144	280	220	220	220	200
UGANDA.....	2,620	3,335	3,350	3,700	2,950	2,850
ZAIRE (Congo, K.).....	985	1,000	1,100	1,250	1,200	1,350
TOTAL.....	16,959	18,215	19,549	19,727	19,667	19,480
ASIA:						
INDIA.....	1,187	1,300	1,150	1,900	1,200	1,450
INDONESIA.....	1,930	2,000	2,200	2,350	2,250	2,400
MALAYSIA.....	124	135	63	60	63	65
PHILIPPINES.....	7,9	735	815	840	900	865
PORTUGUESE TIMOR.....	41	55	50	50	50	50
VIETNAM SOUTH.....	55	55	50	50	50	50
YEMEN.....	72	70	60	60	60	60
TOTAL.....	4,168	4,350	4,388	5,310	4,573	4,940
OCEANIA:						
NEW CALEDONIA.....	35	30	34	18	25	25
NEW GUINEA.....	150	355	408	460	480	475
NEW HEBRIDES.....	4	4	3	2	2	2
TOTAL.....	189	389	445	480	507	502
WORLD TOTAL.....	66,484	51,068	66,362	58,131	71,437	72,949

1/ Coffee marketing year begins about July in some countries and in others about October. 2/ Of 60 kilograms each. 3/ As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1971 in that country is shown as production for the 1971-72 marketing year. In Ecuador, however, this is referred to as the 1970-71 crop.

Note: Production estimates for some countries include cross-border movements.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attachés and Foreign Service Officers, results of office research, and related information.

REGION AND COUNTRY	AVERAGE					
	1963-64/1967-68	1968-69	1969-70	1970-71	1971-72	1972-73
	1,000 BAGS 2/					
NORTH AMERICA:						
COSTA RICA.....	973	1,115	1,250	1,095	1,170	1,195
CUBA.....	---	---	---	---	---	---
DOMINICAN REPUBLIC.....	464	365	450	505	450	495
EL SALVADOR.....	1,919	1,755	2,350	2,015	2,440	2,635
GUADELOUPE.....	1	3/	3/	3/	3/	3/
GUATEMALA.....	1,582	1,505	1,510	1,590	1,725	1,540
HAITI.....	353	295	260	350	335	290
HONDURAS.....	341	350	445	460	450	490
JAMAICA AND DEP.....	11	4	5	1	2	---
MARTINIQUE.....	---	---	---	---	---	---
MEXICO.....	1,611	1,400	1,575	1,680	1,735	1,880
NICARAGUA.....	450	495	495	470	515	490
PANAMA.....	22	II	18	9	15	10
TRINIDAD-TOBAGO.....	52	51	33	53	27	58
US-HAWAII.....	12	26	---	---	---	---
US-PUERTO RICO.....	15	---	---	---	---	---
TOTAL.....	7,806	7,372	8,391	8,228	8,864	9,083
SOUTH AMERICA:						
BOLIVIA.....	31	55	55	65	65	65
BRAZIL.....	16,279	8,000	10,250	1,500	14,850	15,000
COLOMBIA.....	6,750	6,570	7,080	6,390	6,050	6,510
ECUADOR 4/.....	719	795	450	1,080	875	765
GUYANA.....	6	2	2	---	---	---
PARAGUAY.....	42	40	25	13	38	33
PERU.....	661	645	720	760	795	790
SURINAM.....	4	3	3	1	1	1
VENEZUELA.....	256	270	285	265	270	430
TOTAL.....	24,694	16,380	18,870	10,074	22,944	23,594
AFRICA:						
ANGOLA.....	3,023	3,040	3,200	3,200	3,300	3,300
BURUNDI.....	236	270	235	345	395	345
CAMEROON.....	965	1,070	1,170	1,125	1,220	1,270
CAPE VERDE ISLANDS.....	2	2	1	---	---	---
CENT AFRICAN REP.....	164	155	195	145	155	165
COMORO ISLANDS.....	1	I	1	1	1	1
CONGO, BRAZZAVILLE.....	17	19	14	14	14	14
DAHOMEY.....	20	16	13	14	14	14
EQUATORIAL GUINEA.....	120	115	110	115	115	115
ETHIOPIA.....	1,297	1,420	1,375	1,450	1,490	1,530
GABON.....	17	18	18	14	14	17
GHANA.....	55	70	81	62	72	57
GUINEA.....	140	175	190	170	170	170
IVORY COAST.....	3,743	3,350	4,535	3,950	4,325	3,925
KENYA.....	752	780	880	988	926	925
LIBERIA.....	58	63	70	80	70	75
MALAGASY REPUBLIC.....	832	785	710	1,175	835	865
NIGERIA.....	40	43	30	65	40	60
RWANDA.....	162	190	135	230	195	215
SAO TOME-PRINCIPE.....	5	3	2	1	1	1
SIERRA LEONE.....	31	85	85	120	95	100
TANZANIA.....	692	935	760	930	830	780
TOGO.....	179	275	217	217	217	197
UGANDA.....	2,606	3,320	3,335	2,985	2,830	2,830
ZAIRE (CONGO, K).....	935	950	1,025	1,150	1,100	1,225
TOTAL.....	16,142	17,150	18,387	18,546	18,424	18,196
ASIA:						
INDIA.....	519	560	410	1,150	435	675
INDONESIA.....	1,618	1,500	1,500	1,450	1,320	1,450
MALAYSIA.....	---	---	---	---	---	---
PHILIPPINES.....	---	---	---	22	65	5
PORTUGUESE TIMOR.....	36	50	45	40	40	40
VIETNAM SOUTH.....	3/	3/	3/	3/	3/	3/
YEMEN.....	65	50	50	50	50	50
TOTAL.....	2,228	2,170	2,005	2,712	1,910	2,220
OCEANIA:						
NEW CALEDONIA.....	30	20	19	8	15	15
NEW GUINEA.....	137	315	404	456	474	469
NEW HEBRIDES.....	4	3	2	1	1	1
TOTAL.....	171	338	425	465	490	485
WORLD TOTAL.....	51,041	43,410	48,078	40,025	52,632	53,578

1/ Coffee marketing year begins about July in some countries and in others about October. Exportable production represents total harvested production minus estimated domestic consumption. 2/ Of 60 kilograms each. 3/ Negligible. 4/ As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1971 in that country is shown as production for the 1971-72 marketing year. In Ecuador, however, this is referred to as the 1970-71 crop.

Note: Production estimates for some countries include cross-border movements.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attachés and Foreign Service Officers, results of office research, and related information.

GREEN COFFEE: U.S. GROSS IMPORTS FOR CONSUMPTION BY MONTHS, 1968-72

(In bags 2/)

Month/year	1968	1969	1970	1971	1972 <u>1/</u>
January.....	2,202,380	363,175	1,788,393	2,001,664	2,559,908
February.....	2,460,589	1,111,042	1,840,740	1,530,384	2,172,388
March.....	1,755,075	2,014,741	1,715,678	1,479,955	1,137,258
April.....	2,398,436	2,195,313	1,638,688	2,031,987	1,146,043
May.....	1,956,415	1,663,752	1,643,781	1,763,905	1,783,520
June.....	1,640,882	1,746,915	1,890,940	1,941,118	1,452,121
January-June...	12,413,777	9,094,938	10,518,220	10,749,013	10,251,238
July.....	2,481,072	1,714,315	1,549,915	2,132,121	(5/)
August.....	2,398,350	1,476,064	1,611,247	2,720,183	(5/)
September.....	2,321,955	1,778,440	1,354,545	2,754,362	(5/)
October.....	1,682,161	2,326,839	1,713,547	620,865	(5/)
November.....	2,137,254	2,167,091	1,596,844	874,923	(5/)
December.....	1,914,951	1,675,134	1,382,361	1,818,016	(5/)
July-December..	12,965,743	11,137,883	9,208,459	10,920,470	(5/)
Calendar year total.....	25,379,520	20,232,821	19,726,679	21,669,483	(5/)
Fiscal year total <u>3/</u>	22,950,448	22,060,681	21,656,103	19,957,472	21,171,708
ICO year total <u>4/</u>	24,986,555	19,828,123	21,202,991	23,048,431	(5/)

1/ Preliminary.

2/ 132.276 lb. each.

3/ Year ending June 30 of year shown.

4/ Year ending September 30 of year shown. ICO is International Coffee Organization.

5/ Not available.

Compiled from U. S. Bureau of Census data.

GREEN COFFEE: U.S. GROSS IMPORTS BY COUNTRY OR AREA OF ORIGIN

Area of origin	Average		1970		1971		Jan.- June			
	1963-67	1971	1970	1971	1971	1972	1/	1971	1972	1/
	Mil. bags ^{2/}	Per- cent								
Brazil.....	7.00	31	4.72	24	5.99	28	2.51	23	3.26	32
Africa and Asia....	6.80	31	7.70	39	8.10	37	4.15	39	3.29	32
Mild coffees:										
Colombia.....	3.34	15	2.50	13	2.64	12	1.32	12	1.48	14
Other South America.....	1.20	5	1.42	7	1.10	5	.61	6	.67	7
Mexico and Cent. America.....	3.43	16	2.95	15	3.33	16	1.80	17	1.23	12
Caribbean.....	.49	2	.44	2	.51	2	.36	3	.32	3
Total milds....	8.46	38	7.31	37	7.58	35	4.09	38	3.70	36
Total world....	22.26	100	19.73	100	21.67	100	10.75	100	10.25	100

1/ Preliminary. 2/ 132.276 lb. or 60 kg.

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